



Daily Report

West Europe

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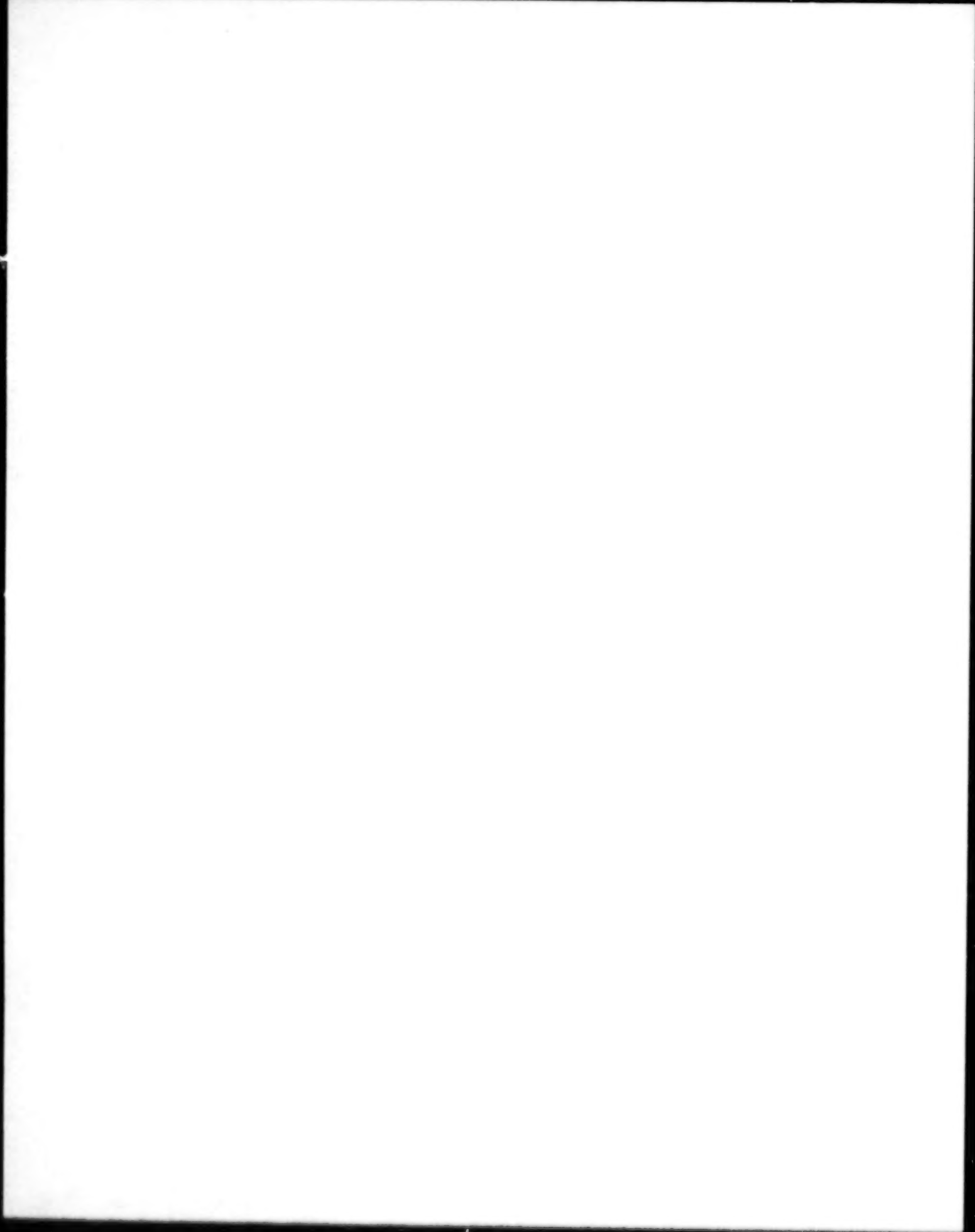
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NATO, WEU Said To Agree On 'Security Accord'

AU2603190296 Paris AFP in English
1854 GMT 26 Mar 96

[FBIS Transcribed Text] Brussels, March 26 (AFP) — The Western European Union (WEU) and NATO are to agree on a "security accord" improving ties between the two organisations and harmonising their working methods, diplomatic sources said on Tuesday.

The agreement will ease the transmission of information from the Atlantic alliance to the WEU, which is the only European body competent in defence matters.

It should enable "a flow of much more important information" between the two organisations, a diplomat said.

Talks began more than two years ago for the accord, which could be finalised in April under pressure from Britain, which currently holds the WEU rotating presidency, the source said.

The WEU is seen as the fledgling defence arm of the European Union. It is made up of Belgium, Britain, France, Germany, Greece, Italy, Luxembourg, the Netherlands, Portugal and Spain, countries which are also members of NATO.

NATO also includes Canada, Denmark, Iceland, Norway, Turkey, and the United States.

**NATO: Solana Comments on Planned
Belarus-Russia Union**

AU2603183796 Paris AFP in English
1819 GMT 26 Mar 96

[FBIS Transcribed Text] Brussels, March 26 (AFP) — NATO will respect a planned union between Belarus

and Russia but it must not interfere with NATO's bid to expand eastward, NATO's secretary general said on Tuesday.

Javier Solana, speaking to reporters after a meeting with Belarus Prime Minister Mikhail Chyhir, said that the union accord to be formally signed on April 2 "was a decision freely taken by both countries and we must respect it."

"Likewise, we hope they will respect the decision taken by countries that want to join NATO," he added. "The building of Europe's security must be done by countries free to make their own decision."

Chyhir, referring implicitly to Russia's opposition to the alliance's plans to take in former Soviet bloc countries as members, said that any "problems between NATO and Russia must be resolved peacefully."

"Belarus is a small country and we cannot be indifferent to how relations between NATO and Russia develop," he said.

Although the Kremlin has said that the planned union with Belarus would not affect the sovereignty of either republic, the accord has prompted concerns, notably in Poland, that Moscow had expansionist designs.

WEU: Secretary General on IGC, Role in European Defense*BR2603142296 Rotterdam NRC HANDELSBLAD in Dutch 23 Mar 96 p 4*

[Interview with Jose Cutileiro, Western European Union secretary general, by Wim Brummelman and Robert Van de Roer, in Brussels on 21 March: "I Will Only Get an Army When Europe Wants" — Western European Union Boss Cutileiro on European Defense"]

[FBIS Translated Text] Brussels, 21 Mar — A Spaniard is in charge at NATO and a Portuguese at the Western European Union [WEU]. Is Europe being run at present by the southern flank? Jose Cutileiro (aged 61), secretary general of the WEU since the end of 1994, says with a courteous grin as he draws on a cigarillo: "If you are not bothered, then neither are we."

Cutileiro, who "like all young Portuguese" had a great urge to write poetry and published two collections of poems, is a subtle diplomat; And unlike his predecessor Wim Van Eekelen not a revolutionary. His melancholy expression betrays acceptance of "the complexity of this world."

As a mediator in Bosnia right at the start and the right-hand man of EU negotiator Lord Carrington, Cutileiro saw first hand how the Yugoslav conflict escalated. He was the architect of the first peace plan for Bosnia, which ran aground in mid-1992. He noticed how quickly the EU was prepared to drop its representatives and abandoned the field together with Carrington, a similar fate befell Hans Koschnik, the recently resigned EU administrator of Mostar.

For the WEU (formed in 1955), the intended defense branch of the EU, new times are dawning. The Intergovernmental Conference (IGC) for the review of the Maastricht Treaty, which starts on 29 March in Turin, is intended to provide greater clarification regarding the position of this mainly sleeping organization. In addition in June the NATO foreign ministers are expected to agree to NATO lending the so-called Combined Joint Task Forces to the WEU when necessary. But in his Brussels office Cutileiro is far from sounding any fanfares.

[NRC HANDELSBLAD] Bosnia has taught that only vigorous intervention by the Americans works?

[Cutileiro] I am not sure of that. The Americans ultimately offered support to a political settlement, the main elements of which had already been proposed by the Europeans. But I agree that without U.S. power there would not now be any "Dayton" or Implementation Force (IFOR).

[NRC HANDELSBLAD] If you compare U.S. energy with the European course over the last five years in Bosnia, then the question is: What is Europe capable of doing?

[Cutileiro] What is Europe? The Netherlands with its neighbors? The EU? The 27 Western and Eastern European countries at this table? Everything from the Atlantic Ocean through to the Urals?

If you are talking about the EU, then the reciprocal political cooperation was insufficiently developed to impose a solution on those very difficult and repugnant characters in the Balkans. At the same time cooperation was far enough advanced to prevent the European countries from going into serious problems among themselves. There were sympathies for the Croats and sympathies for the Serbs. In the past something of that nature gave rise to very, very unpleasant consequences for Europe. Now we succeeded in keeping the problem local.

[NRC HANDELSBLAD] Very many Europeans do not know what the WEU is.

[Cutileiro] Oh, that is very simple. The WEU is the institutional framework for European countries to carry out humanitarian and peacekeeping missions in cases where the Americans have no interest in taking part. That is a modest but important approach. NATO remains the foundation of our collective defense.

[NRC HANDELSBLAD] Really you are a general without an army.

[Cutileiro] (He laughs) I am not a general. A friend of mine in the EU once asked me: When will you get an army? And I answered: When you know what to do with it.

[NRC HANDELSBLAD] Is the WEU still a toothless organization?

[Cutileiro] There are certain shortcomings in European capacity. In the fields of intelligence work, communications, transport possibilities, and the like. We have to work on that. Unlike NATO, we do not have an integrated military structure nor will we gain one. We have no headquarters, only a planning unit. We have to count on contributions from the member states and also from NATO. What we can do is bring together troops and guarantee a command structure for operations.

[NRC HANDELSBLAD] How important is the agreement on the Combined Joint Task Forces (CJTF), which the NATO ministers will sign in Berlin in June?

[Cutileiro] Extremely important. It will enable us to use the headquarters and also certain equipment, resources,

and logistical support, which belong to NATO, and some of which are U.S..

[NRC HANDELSBLAD] In Bosnia it was revealed that the United Nations and NATO had major problems in carrying out an operation. Why should the WEU be able to do that?

[Cutileiro] I think that the WEU is capable of that. That is not based on the moral feeling that the Europeans should do something themselves, but because we do have the capacity to carry out a certain type of small operation. We would not be able to tackle 'Bosnia,' that is beyond dispute. I do not foresee any large operations under WEU leadership, but it is very important that you have a body for a mission led by Europeans. What comes closest to that so far is our policing mission in Mostar.

[NRC HANDELSBLAD] But not a European army?

[Cutileiro] A European army is something else. I do not know whether there will be one. There are various multinational institutions, like the Eurocorps, which are at the disposal of the WEU and NATO. If you look at the Europeans over the last thousand years, you realize that now, for the first time in history, we are combining armies and headquarters. That is very important for our internal security, for opposing the renationalization of defense efforts.

[NRC HANDELSBLAD] French Prime Minister Juppe — and he is not alone in this — said last week that there must be a 300,000-strong European Army under the mandate of the WEU.

[Cutileiro] You must ask Juppe what he means. People talk about this kind of thing, but if you start to look at the details with them: For a 300,000-strong army so much logistics, communications, information, intelligence work, planning, and so on is necessary, which the Europeans cannot provide.

[NRC HANDELSBLAD] People could expect you to promote a strong image of the WEU?

[Cutileiro] My job is not to promote a strong image. The efficiency of the WEU is my concern. It is senseless to say that the WEU could take over Europe's defense now. It is incapable of that.

[NRC HANDELSBLAD] In the future do you see the WEU ending up closer to NATO or the EU? Or somewhere in the middle?

[Cutileiro] Somewhere in the middle. The two overlap.

[NRC HANDELSBLAD] What do you expect from the IGC which will start next week?

[Cutileiro] There will probably be a question of some strengthening of relations between the WEU and EU. I do not know in what precise form that will happen. But I do not see an integration happening in the near future.

[NRC HANDELSBLAD] So in that case is the IGC important for the WEU?

[Cutileiro] Of course it is important. But it is even more important for the joint foreign and security policy of the EU. If you have an effective foreign and security policy, then you are in a far better position to use the WEU, no matter what the link.

[NRC HANDELSBLAD] You mean: In order to gain a joint foreign policy? Because at present it does not exist.

[Cutileiro] Oh, there is a foreign policy. But everyone agrees that it must be improved.

[NRC HANDELSBLAD] So what is that policy? After all at present you have the policy of three, four, five, six, seven, and far more countries?

[Cutileiro] All foreign policy is very strongly linked to national sovereignty. The efforts made in past years are considerable, but we are still a long way off from a joint foreign and security policy which levels off all the national differences.

[NRC HANDELSBLAD] In France a sort of defense revolution is taking place, with a major shift toward NATO.

[Cutileiro] The French movement toward the military part of NATO is enormously favorable for the WEU. And for the European security situation in general.

[NRC HANDELSBLAD] Europe also has considerable problems in getting political support from the public.

[Cutileiro] That is another, very serious problem. European public opinion is convinced that wars are a thing of the past and that we live in a perfect, safe world. You get this impression when you look at the reduction in military budgets and the results of opinion polls. All the European countries spend less on defense than the United States.

[NRC HANDELSBLAD] So we need the Americans?

[Cutileiro] We need the Americans, but we should also spend more.

[NRC HANDELSBLAD] The U.S. former Bosnian mediator Holbrooke believes that the Europeans cannot solve their problems and are asleep. Do you agree with him?

[Cutileiro] No, we have solved a sufficient number of problems ourselves. Has it struck you that in the past 50 years none of us has invaded another country? That is not bad, given our history.

[NRC HANDELSBLAD] Could 'Bosnia' happen again?

[Cutileiro] Not there.

[NRC HANDELSBLAD] Europe has learned a lesson?

[Cutileiro] I did not say that.

[NRC HANDELSBLAD] It is our question.

[Cutileiro] I think that a few lessons have been learned. Those things would not happen again in the same way.

[NRC HANDELSBLAD] So what lessons has Europe drawn?

[Cutileiro] That we must reach a far more solid agreement among ourselves before we embark on something. That in a similar crisis we will act in a more coherent and organized way.

[NRC HANDELSBLAD] There is little sign of that. Recently the EU was even not capable of supporting its representative in Mostar, Koschnik, when he got into difficulties there.

[Cutileiro] That is, er.... another problem.

[NRC HANDELSBLAD] Therefore Europe is not able to even help a single representative.

[Cutileiro] Er, it is sometimes difficult to bring the European countries together and jointly exercise sufficient pressure to help the people they have sent out to negotiate.

[NRC HANDELSBLAD] This time it is Koschnik, next time it will perhaps be you who gets insufficient support in leading an operation.

[Cutileiro] (He sighs). Europe is a long, old exercise, and we must not suddenly become despondent when something does not work as it should....

[NRC HANDELSBLAD] Would you want to describe yourself as a modest secretary general?

[Cutileiro] No.

[NRC HANDELSBLAD] Then how? In one sentence?

[Cutileiro] I am trying to make this work.

[NRC HANDELSBLAD] Therefore that is very modest.

[Cutileiro] (Cutileiro laughs defiantly). Have you ever tried it?

EU: Oreja Fears IGC Will Limit EC Powers

BR2603143196 Madrid EL PAIS in Spanish
24 Mar 96 p 8

[Interview with Marcelino Oreja, European commissioner for institutional affairs, by Xavier Vidal-Folch in Brussels; date not given: "Europe Must Speak With One Voice"]

[FBIS Translated Text] Brussels — EU Institutional Affairs Commissioner Marcelino Oreja, 61, is representing the EU's executive branch at the Intergovernmental Conference [IGC] that will begin on Friday to review the Maastricht Treaty. He has one fear: that "one of the favorite topics" at the IGC will be to "try to limit the Commission's [EC] powers," its monopoly on legislative initiative and its powers as the "guardian" of the treaties. "If that is altered then the entire structure will fall." A complex battle is looming, but Oreja is expecting progress in foreign policy, institutional change to welcome the countries of Eastern Europe, and the EU's expansion of freedoms and internal policy.

[Vidal-Folch] The IGC is beginning with France's veto on allowing the European Parliament to participate in it. That does not augur well for the EU's democratic deficit.

[Oreja] Parliament should be present. I do not see any contradiction. An appeal for the conventional division of powers cannot be applied to the Community architecture. Legally speaking, there could be doubts about this presence, but politically there cannot. But that would require the unanimity of the all 15 EU member states. Once a state decides not to accept observers, then other ways have to be found to involve Parliament in the reform. There are three arrangements, and they can be accumulated: its representatives would attend the opening of all the working sessions; an inter-institutional conference would be held from time to time; and the presidency of the Council would provide it with minutely detailed information. If that happens, then the result will not be perfect, but it will suffice.

[Vidal-Folch] The aim is to prepare the Union for the membership of the countries of Eastern Europe.

[Oreja] Yes, because the structure as it stands today is not in any shape to welcome them; it has reached its limits. But the reform should take place even without them, because we need to give answers to the problems of the citizens which, in view of economic and political globalization, cannot be solved at state level, but rather via shared sovereignty. Furthermore, at a time when major political-economic groups are flourishing in the world, Europe must speak with a single voice. Political union must be strengthened.

[Vidal-Folch] The Commission wants to include employment in the Treaty. How effective will that be?

[Oreja] It is crucial to promote the European model of society, which combines values such as human rights, an open economy that makes businesses competitive, and territorial and economic-social cohesion. Job creation will not be a direct result of Community policy, but Community policy could create the conditions for a common strategy that encourages job creation. How? Via initiatives like the major trans-European networks, telecommunications policy, research policy, or policy on small and medium-sized businesses. By encouraging cooperation between the social actors. By consolidating the mechanisms for monitoring economic policy. By introducing into all Community policies the criterion that they should create jobs. For this reason, in addition to the general social chapter, a special provision on employment should be included in the treaty.

[Vidal-Folch] They are proposing to conclude the free movement of people and establish a common security area. But that runs up against a semi-paralyzed Schengen agreement and the failure to reach an agreement on Europol.

[Oreja] Schengen was an important step, one that was unthinkable a few years ago. It shows that the method used, namely intergovernmental cooperation, is not enough to guarantee security for the citizens. It must be incorporated into the Treaty. Free movement must be complemented by giving judicial and interior affairs a Community dimension; this is the so-called "third pillar": asylum, immigration, crime, drugs, terrorism, etc. There are areas of resistance, but there is also progress.

[Vidal-Folch] Another star chapter is foreign policy. There is also the threat that it will collapse, as is suggested by Bosnia.

[Oreja] We are proposing three ways. One: To prepare the decisions, we must establish a study unit — it is unbelievable that one does not already exist — where the experiences of the member states and the Commission can be compared. Two: To adopt the decision we will have to work on the basis of majorities — either qualified or super-qualified majorities — so that unanimous decisions are no longer the rule, since they bog things down. Three: We have to make foreign policy more visible and more flexible, but it would be a false solution to invent a position for one person who would personify foreign policy. We must combine two elements, the diplomatic side of the states and the economic side of the Commission.

[Vidal-Folch] An EU that has 27 members cannot operate like an EU that has six members.

[Oreja] The more widespread use of majority voting is essential if the EU is to work when it is enlarged. The other issues, namely the weighting of the most populous member states' votes or a reduction of the number of commissioners to one per country, must be resolved with a view to maintaining the balance that lays at the heart of the six-member Community, namely three big countries and three small countries. If we step up vote weighting on the basis of the number of inhabitants then the small countries will be thrown out of the balance and they will have to be compensated in some other way. If the large countries are given just one commissioner then they will be harmed... The important thing is to maintain an overall balance that everyone can handle.

[Vidal-Folch] Many, including the Commission, are backing a multi-speed Europe. Will that mean dismantling the original invention?

[Oreja] It already exists to some extent, as in monetary union. We are proposing flexibility, but not in everything, since that would mean an "a la carte Europe." Everyone has to decide what the common rules will be, although in some cases they will agree later. There are four conditions for flexibility: compatibility with the Union's objectives, respect for its institutional framework, access by those member states which wish to or which are able to engage in tighter forms of integration, and the maintenance of the single market and its complementary policies.

EU: Members Disagree on Trade Accord With Mexico

*BR2603144696 Brussels EUROPEAN VOICE
in English 21-27 Mar 96 p 11*

[Report by Elizabeth Wise: "EU Split Over Trade Accord With Mexico"]

[FBIS Transcribed Text] Mexican hopes of a free trade accord with the European Union are likely to be dashed, at least for the coming year.

The most that Mexico City may hope for now is that the Union offers it more than just a promise to revisit the subject in the future.

"There is no agreement in the Union to suggest the possibility of a free trade zone with Mexico," said a senior Commission official.

After courting Mexico since it joined the North American Free Trade Agreement (NAFTA) in 1994 and then offering to open talks on an eventual free trade zone,

Mexicans say the Union has back-pedalled in recent months.

EU member states are now divided into two camps.

One, led by France and the Netherlands and including Belgium and Germany, wants to offer Mexico the arrangement already suggested to Chile and the Mercosur group of Latin American nations.

The so-called 'two-phase' negotiation offered to Mercosur consists first of a written promise of future trade liberalisation and discussions preparing the ground for that eventuality. Liberalisation would then be accomplished, during the second phase, under a new agreement.

Other EU member states, including Spain, Italy, the UK, Sweden and Finland, oppose this idea and are pushing instead for a single agreement.

While that would not necessarily open markets any faster than the two-phase plan, the decision to tear down barriers would be taken now and would be irrevocable.

The Commission, anxious to negotiate a trade accord but reconciled to the fact that it will not happen soon, has pitched its flag in this 'one-phase' camp. "This is the only feasible solution now," said one official.

Under the one-phase calendar, the Union and Mexico would strike an agreement leaving commercial chapters open, but establishing political dialogue and cooperation in other areas immediately. An implementing agreement would settle the details of the trade pact later.

Mexico City, however, has other ideas. "We want a trade agreement and we want it all on the table at once," insisted one Mexican official.

But even those EU member states which would like to establish better trade links with Mexico are not prepared to ram through an accord for fear of setting a precedent.

Because proposed free trade agreements with Mexico and South Africa would be the first negotiated by the EU since the World Trade Organisation (WTO) came into being last year, member states are paying particular attention to the question of whether WTO rules would oblige them to give other trading partners the same benefits.

They have also asked the Commission to study WTO rules to determine which sectors or products must be included in a free trade zone. The WTO says a free trade pact must cover "substantially all trade", but does allow some products to be exempt. Mexico also wants its agreement with the Union to be WTO-compatible, according to officials, but wants to get down to business.

"We have no problem with exempting some products during the negotiations, but we won't accept that the

EU excludes products or sectors before the negotiations even start," said a diplomat.

An impact study conducted by an independent research organisation in Spain found that opening Union borders to Mexican goods, including agricultural produce, would not pose a threat to EU producers.

"Everyone agrees with the argument that Mexican agriculture is no threat," said a Commission official.

"They are not afraid of Mexico, they are afraid of the precedent it would set."

Mexican officials say that was not the message they got last year when the Union offered to start trade liberalisation talks with Mexico City.

"The idea that we and the Commission had a year ago was to negotiate a free trade accord within the rules of the WTO," said the diplomat. "We haven't changed our minds, but somewhere along the line the EU has."

Mexican officials say that when the EU offered the Mercosur group a two-phase negotiation last September, it said nothing at the time about the same approach being applied to Mexico.

Then, in December, the Union suddenly presented the same formula to Mexico.

"That's when we discovered a change was made," said the diplomat.

A Commission document written last October suggests that the two sides should pursue free trade, but its cautious language explicitly mentions only "gradually" establishing a framework for "progressive and reciprocal liberalisation" of goods, services, investment and public procurement markets.

Arguing on behalf of boosting trade with Mexico, the Spanish government has warned its EU partners that delays in fixing new trading patterns with Mexico will lead to a fall in the level of EU exports to the country.

There is already evidence to support the argument that, as NAFTA matures, US and Canadian goods will take the place of European products. Total Mexican imports of EU goods fell by 24.7% last year, down from 7 billion ecu in 1994 to just 4.8 billion ecu in 1995.

The Union is still Mexico's second biggest trading partner after the US, but Spain argues that its trade surplus over Mexico will disappear if nothing is done to reverse this trend.

EU foreign ministers are scheduled to discuss their offer to Mexico when they meet on 25 March, but Union officials expect ministers to remain divided over the issue for weeks to come.

EU: Austria, Switzerland To Cooperate on EU Projects

AU2603160196 Vienna DIE PRESSE in German
26 Mar 96 p 19

[Report by Karin Gruber: "Joining for a Technology Offensive"]

[FBIS Translated Excerpt] Vienna — The border crossing development trends and problems in Europe increasingly require international efforts in research and development — and thus also European research projects. Now there are several reasons for Switzerland and Austria to cooperate more closely in this respect.

The Swiss Federal Office for Science and Education, the Austrian Science Ministry, and the Office for International Technology Cooperation (BIT) held a scientific conference in Vienna on 22 March at which Swiss and Austrians were supposed to work out proposals for joint EU projects on specific issues. [passage omitted]

The approaches to EU projects achieved at the Swiss-Austrian scientific conference are quite remarkable: 26 specific projects for telematics (basic and advanced

training and traffic), material technologies, agriculture, renewable energies, and transportation. Suggestions for solutions to these central problems of the present could also again raise the respect for the profession of "scientist" a bit in Austria. Even though the Swiss colleagues enjoy a bit more respect among the public, "even politicians are not really convinced of the importance of research," said State Secretary Heinrich Ursprung of the Swiss Federal Office for Science and Education. [passage omitted]

The rejection of EU membership brought the Swiss researchers unpleasant restrictions of their cooperation with the EU. They can neither initiate nor head EU projects. Even though it is possible to participate in such projects together with more than two EU partners, Brussels does not provide any financial support. It is due to Bern's financial capacity that participation in such projects is lively nevertheless. In total, 25 billion schillings in state subsidies go to research every year — in Austria subsidies only amount to about 18.4 billion schillings at the moment.

Netherlands: Bank Head Expects Half of EU To Meet EMU

BR2603150396 Rotterdam ALGEMEEN DAGBLAD in Dutch 23 Mar 96 p 13

[Unattributed report: "Half of Member States To Join EMU Straight Away - Bank Governor Duisenberg Advocating Interpretation of Accession Criteria"]

[FBIS Translated Text] Amsterdam — Dr. W.F. Duisenberg, Governor of The Netherlands Bank, expects more than half of the EU member states to join the Economic and Monetary Union (EMU) on 1 January 1999. At a PvdA [Labor Party] congress on the EMU's feasibility, Duisenberg clearly showed his dissatisfaction with the doubts expressed by Prime Minister Kok last week.

Duisenberg emphasized that there is no reason to interpret the accession criteria less strictly. He believes there is enough room for interpretation. "In my opinion, a reduction of public debt from 80 to 60 percent in ten years, for instance, is satisfactory." The Netherlands public debt, expressed as a percentage of the gross national product, presently exceeds the 60-percent criterion by almost 19 percent.

In the spring of 1998, the European Council of Ministers will decide which countries will be admitted to the EMU on 1 January 1999. In addition to the criteria, Duisenberg believes it will also take into account factors such as the development of the current finances, the balance of payments, and wage costs. "I dare to assume that the European Council's judgment will be stern but fair. If this is not the case, the markets' judgment will be hard and heavy with consequences."

Yesterday, Duisenberg also called for a compulsory participation of underachieving countries in an exchange rate arrangement. During the informal conference in Verona early next month, the Council of Ministers will have to discuss this issue. Says Duisenberg: "In my opinion, the derogation countries (the non-participants) should not be given the choice of taking part in the arrangement or not. In order for the countries to join the monetary union, their participation in the arrangement is compulsory because of the exchange rate criterion." This way, he wants to bind the non-participants to the EMU, so they would not be tempted to improve their competitive position through devaluations against the EMU currency, the Euro. This would be at the expense of the countries which would be part of the EMU at that moment.

For the same reason, Duisenberg also wants to associate the derogation countries with a stability pact. The idea of such a pact comes from German Finance Minister Waigel. Duisenberg suggests that all member states should draw up stability programs within the framework of this pact. These programs should be discussed and assessed by the Council of Ministers.

These programs must describe, for instance, how the countries intend to reach a budget deficit of, as far as Duisenberg is concerned, one percent of the gross national product. The Council must have the power to make "concrete recommendations," or even to reject a program. "The Council might for instance recommend a country to reduce its budget deficit from 3 to 1 percent in two years," Duisenberg stated.

UK: Portillo Discusses NATO, WEU, European Security

BR2703104596 Copenhagen BERLINGSKE TIDENDE in Danish 26 Mar 96 p 15

[Interview with British Defense Secretary Michael Portillo by Michael Ehrenreich in Copenhagen on 25 March 1996: "NATO Is And Will Remain the Cornerstone of European Security"]

[FBIS Translated Text] Copenhagen — [Ehrenreich] Will defense policy be one of the main topics at the EU's Intergovernmental Conference [IGC]?

[Portillo] It looks like being a fairly important topic. From the British viewpoint we believe that the Europeans must clearly demonstrate that they are willing to assume various responsibilities. The countries of Europe showed this in Bosnia, but to ensure that the Americans continue to remain committed to NATO we must show them in an even more convincing manner that we are willing to do what we can for ourselves.

The right way of demonstrating this should be to continue developing the Western European Union (WEU). This organization has existed for decades, and the circle of its members largely corresponds to that of the European members of NATO.

That is why further development of the WEU is clearly compatible with NATO. We were glad to see that France recently moved closer to NATO, and there is also general acceptance in the rest of Europe that NATO is and will remain the cornerstone of European security.

[Ehrenreich] Should the WEU be integrated into the EU?

[Portillo] Some EU member states clearly have the short-term goal of subordinating the WEU to the EU and the long-term goal of allowing the EU and WEU to merge. We have a problem with both these proposals. If ministers get together in the EU and discuss defense, this inevitably raises the question of what roles should be given to the Commission, the European Parliament, and the European Court of Justice. But no country will agree to its troops being obliged to carry out military assignments without a prior decision being made by their national parliaments.

EU Defense Problematic

So the mechanism in the EU raises doubts about the possibility of individual countries making these decisions for themselves. The EU also comprises four neutral countries — Ireland, Finland, Sweden, and Austria — and their involvement in the development of

a common defense structure within the EU also appears to me to be highly problematic.

Finally, if the EU becomes defense-oriented, the Russians will grow worried about EU enlargement. We do not want to see EU applicant countries having to overcome yet another obstacle — in other words, not merely having to bring their economies in order, but also having to bring their defense structures in order — to be able to seek membership of the EU.

[Ehrenreich] Your speech at the British Conservative Party Conference last autumn was much talked about, even in Denmark. What did you mean when you said that British troops are prepared to die for Great Britain but not for Brussels?

[Portillo] What I meant then — and still mean now — is that we must retain the national right to choose where our troops are deployed. All the countries of Europe make this point. Even the Germans are saying they want to be sure that the German parliament and the German Government have the right to make these decisions. But if we develop the EU into a defense organization, there is a danger that in due course we will reach a point where decisions made in the European Parliament and European Court of Justice, and perhaps generally reached on the basis of a majority vote, will take defense away from the realm of the national right of decision.

Ready for a Veto on Defense

[Ehrenreich] Would the United Kingdom be prepared to use its veto to prevent defense from being opened up for majority decisions at the IGC?

[Portillo] We regard defense as an area where majority decisionmaking is unsuitable and we shall act accordingly.

[Ehrenreich] Given the role that you roll out for the WEU — a role that is quite comprehensive — a problem could arise for a European member of NATO that is not simultaneously a member of the WEU. Would you like to see Denmark become a full member of the WEU?

[Portillo] I would welcome a decision by Denmark to join the WEU, but I do not want to press the point. Naturally this is a question that can only be dealt with at national level. But the fact remains that for as far into the future as we can see, the types of operations which the organization will actually be capable of will remain at the lower end of the scale.

It will be a very long time before the WEU can mount operations that go further than the so-called Petersberg missions, in other words humanitarian missions, evacuations, rescues, and peacekeeping operations. So for

some time to come Denmark's problems with membership of the WEU will be more theoretical than practical.

We Must Learn To Live With Russia

[Ehrenreich] Can we turn to Russia and the vote the other day in parliament to annul the dissolution of the Soviet Union? How do you interpret this vote?

[Portillo] In the course of this Russian election year we will see various expressions of Russian nationalism. And we will see quite a lot of nostalgia for the old Soviet Union. The aim of our policy in the West must continue to be to support democracy in Russia. If we accept Russia as a democratic country and want it to continue to remain so, then we will hear views with which we do not sympathize. That is something we must learn to live with. It is not our aim to see a certain candidate or policy emerge victorious, but rather to see the development of democracy succeed.

[Ehrenreich] So you think that the West should not take sides — not even in the likely scenario until the summer where there may be two candidates in the second round of the presidential election?

[Portillo] No countries want others to speak out about their domestic politics. In this respect Russia is no different from any other country. In fact the Russians are a very proud people who do not like receiving outside advice, so even if the West adopted a clear stance, voicing it would have exactly the opposite effect of what was intended.

UK: Trimble Suggests Ireland Could Stop Bombings

LD2603152096 Dublin RTE Radio One Network in English 1300 GMT 26 Mar 96

[FBIS Transcribed Text] More balance and less bile — that was the taoiseach's [Irish prime minister's] appeal yesterday to the Ulster Unionist leader David Trimble after a particularly hard-hitting speech he delivered in Belfast. Mr. Trimble had suggested at the weekend that the British Government should end the common travel area between here and the UK if Dublin wasn't prepared, as he put it, to stop exporting bombs along with its social problems to Britain. A bizarre speech, said the taoiseach.

A short time ago I spoke to Mr. Trimble, who contends that even though the IRA bomb on Canary Wharf on 9 February traveled through Larne and down through Scotland on its way to London, a greater responsibility lies with the Irish Government because the bomb was prepared in this jurisdiction. I asked Mr. Trimble if he was actually serious when he suggested border controls.

[Begin recording] [Trimble] Let's start at the beginning. There has been a breakdown in the cease-fire. There has been a resumption of bombing in London. Those bombs come from the Republic of Ireland. There has been a serious security failure within the Republic of Ireland. There has not yet been an adequate security response, either in the United Kingdom or the Republic or Ireland, to this issue. I think there has to be a serious response. Security failure was in the Irish Republic and it related directly to a decision by the Irish Government at an earlier stage to cease surveillance of known IRA activists. Now, that security failure cannot be hidden up or ignored.

[Announcer] But when you say once the Dublin government realizes it can no longer export bombs along with its social problems to England, surely you must know that that is a very offensive thing to say and doesn't accord with the facts?

[Trimble] Oh but it does accord with the facts on both points.

[Announcer] Exporting bombs? John Bruton?

[Trimble] The bomb was exported from the Irish Republic and by people domiciled and operating within the Irish Republic.

[Announcer] But nonetheless this presumably is a cross-border operation that is required on a security level, cooperation between the RUC [Royal Ulster Constabulary] and the Garda [Irish police] is what is involved and cooperation between the two governments.

[Trimble] Yes, and let us see some action. I come back to my starting point, that there has been a security breakdown, and as far as we're aware there has been no response. Now don't you think there ought to be a response?

[Announcer] John Bruton has asked you to produce speeches with more balance and less bile.

[Trimble] Well, I think you will find if you read the entirety of my speech that it is quite balanced and the comments that I have made in this interview are pointing to a very clear need for action on the part of the Irish Government, and I don't think it's an adequate response to that situation to merely refer in not very polite terms to the problem and to me for raising the problem. The problem exists, and there's a need for the Irish Government — for Mr. Bruton and his colleagues — to react to the problem and to do something.

[Announcer] Where's the balance in your speech where you indicate a willingness to, if you like, do serious business at the negotiating table on 10 June?

[Trimble] Now let's start at the beginning again. There is no balance in the response of the Irish Government. It has responded only in political terms. You're quite right to say that there has to be a balanced response in both security and political terms, but where is the balance in the response of the Irish Government? It isn't there. It needs to be there. Now, you will find that we have more than just a balanced response when it comes to the possibility of talks and if you read through my speech you'll find it deals with that in detail.

[Announcer] But do you accept the taoiseach's contention that decommissioning shouldn't be allowed to become a logjam on 10 June?

[Trimble] No. Decommissioning, as Mitchell says and as the communique says, and the Mitchell Report with its proposals for decommissioning, have to be at the beginning.

[Announcer] Right, but the communique and the Mitchell Report itself, they don't lay down absolute positions.

[Trimble] Oh but they do, look at Mitchell, look at Mitchell.

[Announcer] Yes he does, he says they should consider, they should consider, for instance, parallel decommissioning, he doesn't say they have to do it.

[Trimble] The Mitchell principles involve a very clear commitment to the total disarmament of paramilitaries, and they also make the suggestion for parallel decommissioning. Now those are the issues that will be there at the beginning, because you cannot honestly make the commitments required in the Mitchell Report without dealing with those issues.

[Announcer] Right, but Mitchell says they should consider it, the paramilitaries on both sides, not necessarily agree to it.

[Trimble] Oh, well I think that's a very silly attitude to take. I think we'll deal with the Mitchell Report in its own terms and I don't think it'll do any good to the process for commentators in the Republic of Ireland to wriggle on this issue in that way.

[Announcer] Well, no. It's a question of trying to analyze. Wriggling doesn't enter into it. One is just trying to get to the heart of the issues involved.

[Trimble] That's right, and the commitment in Mitchell is to total disarmament.

[Announcer] Well, that is the interpretation that you place on it, but nonetheless the taoiseach says it shouldn't become a logjam, the issue of decommissioning. Would you accept that that is a reasonable position?

[Trimble] No, I don't think it is. I think the reasonable position is that stated in the communique of 28 February, that this issue is to be dealt with at the beginning of the talks. That is the position that John Bruton put his signature to on 28 February.

[Announcer] Just as a matter of interest, do you have any perception, Mr. Trimble, as to why Sinn Fein should want to negotiate with you?

[Trimble] Well, it's a question of whether they're a terrorist organization or whether they've any genuine desire to engage in democratic politics, and that's a question they have to answer.

[Announcer] Well, they say they're committed to democratic means to advance their aims. You mightn't necessarily agree with them but...

[Trimble, interrupting] In that case they wouldn't let off bombs, would they?

[Announcer] Indeed, people committed to democracy shouldn't let off bombs...

[Trimble, interrupting] That's quite right, and I'm glad that you condemn the actions of Sinn Fein/IRA in those terms...

[Announcer, interrupting] No, I've no views on anybody's actions for the purposes of this interview. It's not my job to have views on them. Nonetheless...

[Trimble, interrupting] But nonetheless you stoutly advance certain views. Carry on.

[Announcer] What is there, in your view, for Sinn Fein at the negotiating table, assuming they are there?

[Trimble] Well, what is there for them is the opportunity to enter into the democratic process. It's a question of whether they're prepared to avail themselves of that opportunity.

[Announcer] But are you prepared to deal?

[Trimble] If they commit themselves to the democratic process, then of course we will be prepared to engage with them in discussion. But in that discussion they will have the weight of their votes and nothing else.

[Trimble] But 10 June is about negotiation, not discussion.

[Announcer] Well, discussion, negotiation, it's much the same thing isn't it?

[Announcer] Well, no. For instance, the elected forum now, which is being elected on 30 May, that's about discussion. That forum, as the document from the British Government says, it will be unable to exercise

legislative, executive, or administrative functions and will have no power to determine the conduct, course, or outcome of the negotiations. [as heard] It's a totally separate concept, isn't it?

[Trimble] Yes, but the same people will be in both.

[Announcer] Right, but in one case they'll be discussing, in the other they'll be negotiating.

[Trimble] Well, you don't normally negotiate in public. The forum is there to act as a public sounding-board for the negotiations which will be taking place in private in the other track.

[Announcer] Would it be your position that the forum will have to approve whatever might emerge from the negotiations?

[Trimble] The parties will have to approve, and in that sense I can see the forum being useful as a basis on which the public seal is put on agreements that have been reached. And it might even be that there will be occasions when the parties will find it useful to use the forum as a public sounding-board, as a means of educating the public, or even perhaps as a means of testing the acceptability of propositions. But you should not regard the two bodies as being totally divorced from each other. That's not a realistic position, because the parties will be in both, with the possible exception of the paramilitary parties, not just Sinn Fein, that if they fail to make the commitments and to honor the commitments in Mitchell, that they'll only be in the forum. [as heard]

[Announcer] One last question, Mr. Trimble, and this is going back a little bit. Why were you so dismissive at the weekend of John Bruton's very powerful appeal to the IRA when he said please, please, please give us back our peace? Now you were there in Washington when he made that speech.

[Trimble] It depressed me. It really depressed me to hear and see the leader of a government begging, pleading with desperation in his voice to a small terrorist gang to stop, I thought it demeaned the democratic process. [end recording]

UK: Health Minister Defends Government on 'Mad Cow'

MS2703102396 London THE TIMES in English
27 Mar 96 p 10

[Report on interview with UK Health Secretary Stephen Dorrell, by Jeremy Laurance; on 26 Mar place not given]

[FBIS Transcribed Text] Stephen Dorrell refused to accept yesterday that he had misjudged the public mood over "mad cow" disease, although he acknowledged

that the past week had been one of the toughest of his political career.

The Health Secretary, who has endured a punishing round of ministerial meetings, Commons statements and press interviews since the furore began, said that the experience was "not dissimilar" to the crisis when Britain was forced out of the exchange-rate mechanism in 1992; as Financial Secretary to the Treasury, Mr Dorrell tried to defend the pound as he is now defending beef.

He appeared cool and relaxed yesterday, minutes after being mauled by angry mothers on the BBC Radio 4 phone-in programme CALL NICK ROSS. Accused of "appalling" complacency and a "frightening lack of concern" for public safety, he was barely able to get a word in to defend himself. His fury became apparent when he said: "I agree with THE SUN newspaper this morning, which says it isn't the cows that are mad it's the people. What the people have to do, what all of us have to do is step back from the hysteria and believe the facts."

Afterwards, Mr Dorrell brushed aside the charge that he had sheltered behind the Government's scientific advisers and had failed to respond to legitimate public concerns. "I flatly refuse to accept that people are incapable of considering the evidence when it is presented to them," he said. "Of course, I understand that real concerns are raised by this and the first reaction is to ask how bad it is going to be. But once you get through the first reaction, I am absolutely sure that in a modern democracy Government must trust the people, give them the facts and leave them to draw mature conclusions."

This is the third food scare that Mr Dorrell has encountered in politics. In 1990, he made his first speech as junior Health Minister, on the risks from shellfish, during a Commons debate on the Food Safety Bill. During the salmonella-in-eggs scare of 1988, a constituent who had lost her baby after being infected with salmonella while pregnant came to consult him.

Mr Dorrell, MP for Loughborough, who was 44 on Monday, had to cancel a birthday celebration to appear on BBC2's NEWSNIGHT after making his Commons statement that children were at no greater risk than adults from eating beef. Today he will appear before a special joint session of the Commons Health and Agriculture committees called to consider the issue of BSE — six years after he first gave evidence on the subject to the select committee as junior Health Minister.

He was first warned of the present crisis over beef two weeks ago by the Government's Chief Medical Officer Sir Kenneth Calman. The Spongiform Encephalopathy Advisory Committee (Seac) was meeting to discuss ten cases of an apparently new strain of Creutzfeldt-Jakob disease. Although the scientists' conclusion that it is likely to be linked with BSE in cattle was grim, Mr Dorrell decided from the outset to tie his actions to their advice.

"I was rung on Sunday night at home in Worcestershire by my private secretary. He told me the conclusions that the Seac committee had reached. I was obviously very concerned. But I was determined that we would proceed at a deliberate pace and not be seen either to be complacent or to over-react."

He alerted ministerial colleagues the following day and it was agreed that Seac should be asked to draw up policy recommendations before its findings were made public. The committee met on Tuesday afternoon and deliberated until early on Wednesday morning. Its conclusions were delivered in time for the Cabinet meeting at 10.30am that day which was attended by John Pattison, chairman of Seac, and Sir Kenneth.

"There was a lot of concern and discussion and questioning both of the scientific findings and the policy recommendations. The scientists then left and the Cabinet reached its conclusion that the Seac recommendations should be implemented." The conclusions were presented to Parliament last Wednesday.

Mr Dorrell admitted that he had felt the strain last week in defending the Government's position while the critical advice on what to do about children was still awaited.

"I am quite clear that I had no choice but to make the core finding public last Wednesday while the full scientific recommendations were still incomplete. It has been easier this week because the policy response is complete. I am clear in my mind that the advice is unambiguous namely, that the product is to all intents and purposes safe to eat."

Beef will continue to appear on the menu of the Dorrell household and his children aged 7 and 3, would eat it if they chose to do so. "I will not stop them eating it," he said.

Germany: Kinkel Briefs Press on IGC Position
AU2603141696 Cologne Deutschlandfunk Network
in German 1200 GMT 26 Mar 96

(Report by Margarete Limberg from Bonn)

[FBIS Translated Text] At a news conference in Bonn today, Foreign Minister Klaus Kinkel briefed the press on the German starting position on the European Union (EU) Intergovernmental Conference in Turin. The foreign minister made clear once again that in the Federal Government's view, the EU has reached a turning-point, a historical cross-roads, comparable with the time the European Economic Community was founded. He then explained what the points of emphasis should be in Germany's view.

He mentioned, first, the EU's common foreign and security policy. In this area, Germany and France have submitted a common paper in which both countries stress that the experiences in Yugoslavia have shown that the EU must be made more capable of acting. The demands are more efficiency, more coherence, more continuity, and more presence and solidarity. To this end, Bonn and Paris suggest a common planning and analysis unit under a secretary general who should present the common foreign and security policy to the outside world.

Moreover, the EU should get rid of the straitjacket of unanimity in this area. Therefore, the practice of majority decisions should be expanded. However, certain issues, such as the deployment of troops, should continue to require unanimous agreement.

Second, Kinkel mentioned the development of cooperation in the justice and interior policy areas. In these areas, the EU is having a particularly large backlog, the foreign minister said. In the Federal Government's view, this should include a common asylum and immigration policy. Internationally operating criminal gangs should be combated by a functioning European police unit.

The third point is the problem of more responsiveness to the citizenry, more transparency, more subsidiarity. In this respect, the Federal Government wants to see the role of the European Parliament strengthened. This is a demand on which France's position is rather reserved. France does not want to see the EU bodies strengthened, and in this respect, the British Government, too, is operating a stalling policy. Kinkel experienced this personally recently when the question was discussed whether members of the European Parliament should be permitted to take part in the Turin conference. The British have not been ready so far to accept this. Minister Kinkel found this particularly disappointing,

and he generally described the British position on the issue of European integration as extremely defensive.

In addition, Kinkel addressed the problem of EU institutional reforms intended to make the EU fit for enlargement. The number of commissioners should not be increased. Another issue is the practice of the presidency rotating every six months. In this respect, France and Germany are advocating the idea that in each case, one of the large countries should be involved. Another problem is the way future majority decisions should be made. In this respect, it should be ensured that population figures be adequately considered.

Germany: Kohl Stresses Significance of Asia-Europe Summit

AU2603142796 Bonn BULLETIN in German
No. 22 18 Mar 96

[Statement by Chancellor Helmut Kohl at the international news conference at the close of the Asian-European summit meeting of the heads of state and government (ASEM) in Bangkok on 2 March 1996]

[FBIS Translated Text] Ladies and gentlemen: First of all, I would like to convey cordial thanks to the Thailand presidency, above all, to Prime Minister Banharn and his aides for their extraordinary hospitality. With their commitment and skill, our Thai hosts have contributed to making this meeting so successful.

I would also like to mention explicitly the outstanding commitment by Singapore Prime Minister Goh. It is not least owing to his untiring efforts and his initiatives that this meeting has come about.

This is also an important message of the meeting in Bangkok: The fact that the heads of state and government of the EU and ASEAN states have met to hold a summit is an absolute novelty. The significance of such a meeting becomes completely clear if one takes into consideration that the states represented here produce 50 percent of the world's GNP and represent two-fifths of the world's population.

The objective of this meeting here in Bangkok was, above all, to set a clear signal: In Europe and Asia, two of the world's largest economic regions have decided to establish a trusting and lasting political and economic partnership. Both sides are ready to jointly assume greater responsibility in world politics and, above all, world trade. To achieve this, we want to institutionalize our cooperation. We have the firm intention to cooperate more closely in many spheres of international affairs. Thus, the European-Asian side of the world-political triangle Europe-Asia-North America will assume a more active role. The transatlantic community between the

EU and North America and the community of the APEC states will receive an essential completion in the next few years.

I am not talking about any kind of block formation — I would like to stress this explicitly — but about a confirmation of the principles of open regionalism and worldwide multilateral trade. Together with our Asian interlocutors, we Europeans were in agreement that the planned close cooperation is no threat but a constructive challenge, in spite of the trade competition that it involves, and at the same time a big opportunity for our regions. Asia's large-scale infrastructure projects as well as its growing investments and consumer markets offer an enormous growth potential for European companies.

The Asian representatives on the other hand — this is also very important — are also viewing European unification increasingly as a growth opportunity. They listen very carefully when we speak of an open Europe. Thus, I would like to emphasize the following: There will be no "fortress Europe."

We are convinced that we — the Asians and the Europeans — are linked by important common interests. It is obvious that there are certain differences resulting from different developments in the history of our peoples, their cultural traditions, and their different social systems. Last but not least, this also applies to our system of values. Here in Bangkok, we have tried to find a common language on this issue and to agree on common action. Thus, it was very important in this debate for all participants to make sincere efforts to be as open to the different views as possible and to accept them.

This is particularly significant with regard to human rights. The discussion that is taking place in Europe and the discussion that has taken place here make it very clear how difficult it is occasionally to reach agreement or to narrow the differences on certain issues. We still have a long way to go here. Yet the sincere efforts to conduct an open dialogue with each other was encouraging for all of us. During our talks here in Bangkok, the dialogue among the cultures and the civilizations of both regions has been intensified. Both sides know that they can learn a great deal from each other. I myself and others have repeatedly pointed out that for us in Europe the creative dynamism of a cultural diversity is important.

We have adopted a number of specific measures to ensure the continuity of European-Asian cooperation. As far as political cooperation is concerned, we want to collaborate primarily in the reform of the United Nations and in the control of the weapons of mass destruction.

In the fight against international crime and, above all, drug trafficking, close cooperation is also planned.

In the economic sphere, we are planning to draft common positions for the WTO ministerial meeting in Singapore at the end of the year. To prepare this, a meeting of the economics ministers of the states of the two regions is planned. Another important topic was stronger integration of the private economy — above all, of medium-sized companies — into our cooperation. It was decided to establish a European-Asian business forum.

In the cultural and scientific-academic area, we want to expand and intensify the existing contacts in order to promote understanding between the people in Europe and Asia to an even greater extent than in the past. The Europe-Asia Foundation, proposed by Prime Minister Goh, should primarily serve the cultural exchange between the two regions. In this connection, we must particularly discuss the exchange of students. It is obvious that we have not yet exhausted the existing opportunities here. This applies especially to us Europeans. The number of European students who go to Japan or another country in the region are much lower than the other way around.

The meeting here in Bangkok has once more confirmed how good and important it is that Germany has intensified its contacts with Asia in the past few years. I stick to my thesis that we must accord a high priority to this region. Thus, the Federal Government had an Asia concept drafted in 1993, which was adopted in the same year. Our initiatives were one of the reasons for the discussions in the EU. The EU decision in favor of a European-Asian summit meeting was stipulated in the resolution of the EU summit in Essen in December 1994.

It is obvious that the Asian economic region is characterized by dynamism. This impression has been confirmed in numerous talks with the main actors. In this respect, I also see big opportunities for increased cooperation among the German economy and its Asian partners. This opportunity must be recognized and used.

The meeting here in Bangkok must not remain an isolated event but should be the beginning of a lasting, intensive, and fruitful cooperation. For this reason, we have adopted goals in a number of areas. We want to examine their realization during a follow-up meeting in Britain in 1998. I am convinced that all parties involved will do everything within their power to master the common challenges. We have made a good beginning.

France 'Playing for Time' in Airline Dispute With U.S.

BR2603142596 Paris LIBERATION in French
25 Mar 96 p 19

[Article signed "A.S.": "Paris Plays for Time in Airline Dispute With Washington"]

[FBIS Translated Text] Anne-Marie Idrac, French secretary of state for transport, will arrive in Paris this afternoon for the French-U.S. meeting of reconciliation over aviation much more relaxed than her U.S. counterpart, Charles Hunnicutt. In fact the French authorities are harboring few illusions as to the outcome of the meeting, which has been planned for at least one month. Above all, they will endeavor to understand whether the drastic declaration of war made by the United States last Thursday [21 March] (by refusing permission for 500 scheduled Air France flights to four U.S. destinations) was merely a way of raising the stakes on the eve of major bilateral talks. Or whether the dispute really runs deeper than would appear to be the case. Paris is prepared to conclude a bilateral agreement, as [Transport Minister] Bernard Pons reiterated this weekend, which should reassure the Americans who are anxious to avoid negotiations at European level. But while the Americans appear to be in a great hurry to wrap things up — for France represents the ideal gate of entry to Europe — the French do not want to become stress-ridden. And can easily see the talks lasting six months.

Firstly because Air France has not finished its recovery, and secondly because the two new runways at Roissy will only be brought into service in 1999. By gaining six months the government would give Air France the time it requires to finalize a trade agreement with a U.S. company. According to AFP, this agreement, which was well on track last fall with American Airlines, could finally be concluded this summer with US Air, a company which recently saw two renegades from Air France rise through its ranks.

However, playing for time will not be without its risks for Paris. Last Thursday Washington decided to refuse permission for 500 Air France flights to New York, Los Angeles, Washington, and Houston. In response Paris canceled 11 daily scheduled flights by six U.S. airlines, the equivalent of 170,000 seats. For Air France, which has won back market share from U.S. companies by offering 21 percent more seats than last summer, this has come at a bad time. Perhaps one thing explains the other.

France: Chirac Article Outlines IGC Platform

BR2603153196 Paris LIBERATION in French
25 Mar 95 pp 2, 3

[Article by French President Jacques Chirac: "Toward a European Social Model"]

[FBIS Translated Text] In the last few weeks the international agenda provided me with opportunities to meet with the U.S. and Russian leaders, to take part in the first ever summit between Europe and Asia, and to support the statesmen who are building peace in the Middle East.

These were as many opportunities to assert France's views and policy on major issues — opportunities to appreciate once more just how necessary it is for European nations to become united and to put together their strengths if they are to preserve their interests and shape as much as possible the world that is currently emerging.

Shall we succeed in this? Current developments give me reasons to be confident, but I also see new challenges. Since WWII, reconciliation and peace have been secure thanks to European integration. However, in the new context born of the upheavals our continent faced at the end of the 1980's, Europe needs a new political ambition. This is a realistic goal because theoretical debates on the nature of Europe are now a thing of the past. Today, everybody sees and accepts that the EU is an original entity which cannot be based on a federalist model nor be limited to a mere free-trade zone.

This ambition is both urgent and necessary because the Union needs to become stronger before it can take in new members. Let us heed the teachings of Charles de Gaulle and Georges Pompidou: To become larger, the EU must first become deeper, without encroaching on the sovereignty of its member states. This ambition is based on a renewed European architecture, on EMU [European Economic and Monetary Union], and on much closer attention being paid to the peoples's social and cultural aspirations. In a few days an intergovernmental conference will begin; it must answer three major questions.

First of All, How Can We Benefit From a Genuine Common Foreign and Security Policy?

"There cannot be such a thing as a European political individuality if Europe does not have its own individuality in matters of defense," General de Gaulle wrote as early as 1961. The natural framework for such an individuality is the EU. As pointed out by Helmut Kohl last month we cannot forever distinguish between those organizations dealing with trade and those dealing with

security. The conference must lay the foundations for a future European defense. The creation of a European defense cannot be disconnected from our initiatives tending to reform the Atlantic alliance and to strengthen the role and responsibility of the Europeans as part of this organization.

Similarly, Europe must establish a partnership with Russia, a major nation and a major friend, in view of a reconciliation, once and for all, of all of our continent's peoples. Thus we will be in a position to achieve EU and NATO enlargement. Right now, to enhance its international presence, the EU must improve its external representation and better defend its positions and interests. To this end, France recommends that the position of senior EU representative be created, with the actual appointment for a 3 to 5 year term being handled by the European Council; this would endow Europe with a face and a voice.

I would like Europe to become an active and a powerful region, on a par with the United States, in the world of the XXIst century, which will quite obviously be a multipolar world. What I want is a strong and resourceful France in a stronger EU as an essential player and partner in tomorrow's world.

Second Question: How Can Europe Be Made Both More Efficient and More Democratic?

The answer lies in a thorough reform of the Council of Ministers. The Council must be given back its central place in the European edifice. To do this, we must ensure easier decisionmaking at this level while preserving the possibility for a member state to invoke an essential national interest. The Commission must fully assume its responsibilities — initiative, representation, and execution — without overstepping the limits of this role. It will have to meet the specific and imperative mandates assigned by the Council. The number of commissioners must be reduced in accordance with the number of functions assigned to the Commission.

As to the European Parliament, France is not averse to associating it more closely to EU decision. But this assembly must become closer to its voters, which presupposes reforming the voting system. Its procedures must be simplified. I am also in favor of a collective participation of national parliaments to EU business. For example, a council comprising the presidents of all member states' national assemblies could be consulted, among other things regarding matters of subsidiarity. Last, no region of the Union may be left behind. France is asking that its overseas departments and territories be granted full status as extremely remote regions.

Third Question: In a EU Which Tomorrow Might Include 25 to 30 Member States, How Can Some of Them Be Given the Possibility To Go Further and Faster?

France proposes that those states that are willing and able to do so be given the possibility to develop among themselves projects based on deeper cooperation. Once approved by the Council, such projects would be considered EU business and as such would be eligible for EU support. This would reconcile the needs for flexibility and consistency.

Identity, efficiency, democracy, enlargement — these are the key words for the reform of the EU's architecture.

Our Ambition Is Also Based on a Second Aspect: The Single Currency

It is essential for the single market to include EMU. For 20 years, EMU was just an objective. Now we can actually make it happen. This will improve currency exchange stability throughout the world. EMU will put an end to speculation on European currencies. It will encourage trade. It is a factor of growth. It will improve the job situation.

Three months ago in Madrid, a specific timetable was established. Early in 1998, the European Council will draw the list of European countries taking part in EMU. On 1 January 1999, the single currency will be established. The European Central Bank will begin its operations. But only in the year 2002 will the common coins and bank notes be released for general use. Only then will individuals, businesses, and civil servants be affected by the switch to the new currency. This is a reasonable timetable. We have a few years to get ready. This is time enough, but we must start right away.

First of all, we must be aware that it is not Europe that has been constraining our economic policy. With or without a single currency, deficit-cutting is a necessity for France. What is true for a household also holds for the state: It cannot for long spend more than it earns, short of levying ever-increasing taxes on its citizens.

Then let us ensure that there is strict institutional balance. The European Central Bank, which we made sure will be strong and independent, will have to guarantee the European currency's future strength. However, setting EU economic policy options — according to the unanimity principle wherever essential matters are concerned — will be the prerogative of the Council of Ministers, as the states' representative body. We must soon give thought to providing the Council with what it needs to assume its rightful political role.

Last, the single currency must be the currency of all of the Union's states. Some countries will not benefit from it from the start. Therefore there is a need to settle the issue of coexistence within the same market, between those countries already united by the same currency, and other EU member states. The latter will be subject to the common constraints set by the single market. This is the reason why France would like to see a mandatory exchange system implemented between the "Euro" and those currencies that will temporarily remain outside the single currency system.

In the meantime, we must discuss the impact monetary turbulence may have on the single market. France will make proposals to sanction those states violating joint regulations. Paris and Bonn are both convinced that the switch to the single currency will take place. We will make it on time for EMU.

So European Integration Is Well and Truly on the Way. But Is There Space for the Europeans Aboard This Ship? That Is the Question.

The European idea, if it is to reach the heart of Europe's men and women, must foster anticipation, trust, and hope. Such is not the case today. Peoples feel that Europe has been oblivious of their daily concerns, that it does not go any further than projects developed in secrecy, that it breeds constraints rather than hope.

Even before I was elected president I had the wish to reconcile the French about Europe and with Europe. In 10 months, I have met with political, business, and union leaders to get to know their vision of Europe. I have discussed this with each of our 15 EU partners. From these conversations one idea emerges clearly: It is time to define a genuine European social model. So many women and men are now living the daily tragedy that is unemployment: 18 millions jobless! So many people are victims of the insecurity that prevails in our cities! So many families are hit by drugs! We managed to create a common market where goods, services, and people enjoy free movement. We established a common agricultural policy which acknowledges the importance of our farmers and their irreplaceable contribution to our economies and societies. But did we succeed in reassuring the Europeans?

In an increasingly global economy, the future is a source of worry. It is time to build a Europe that comforts and protects, a Europe that reinforces its cohesion and lets its peoples forge ahead. Yes, it is time to define a genuine European model. Such is the purpose of the memorandum which the French Government is going to send to its partners in the next few days. First it will remind them of the need to implement previous decisions intended to turn employment into Europe's

major priority. Thus at the Essen European Council, in 1994, the aims of a political ambition regarding the job situation were identified: Amplifying training activities, ensuring that more jobs are generated by economic growth, reducing the cost of labor, improving job market efficiency, strengthening our action in favor of the young and the long-term jobless. In Cannes in 1995, the European Council emphasized — which is what I wished for — the crucial role of small- and medium-sized businesses and craftsmen. These objectives are all well and good, but what about achievements?

For instance, in 1994, it was decided that 14 major transportation infrastructure projects should be launched. On my initiative, EU credits were earmarked in 1995. None of these projects has been implemented so far, which is unacceptable. Let us go ahead without further delay with whatever means at our disposal. For many companies, especially in civil engineering, this could mean they could start hiring again.

But Europe can go further than this. The Community's annual budget totals more than Fr500 billion. This is a formidable tool for job creation. Then, we must re-think European initiatives, interventions, and spending. This includes regional and social funds. This includes research, an absolute priority for development of any kind, and which requires better coordination with industry. And this includes agricultural policy.

Going further also means looking at alternative work time arrangements, and taking into account the various experiments going on elsewhere. Encouraging part-time work and fostering a new way to look at work, more in tune with the expectations of families and the aspirations of the individuals — this is the way to build tomorrow's society. Going further means reducing the social distortions that compromise trade fairness. Within the Union, where differences among welfare legislations as well as monetary distortions contribute to unemployment. But also in international trade: We cannot accept that some export's competitiveness should be based on child and slave labor.

Going further means opening new horizons to Europe's young people. The European spirit is vested in them. We must show them that Europe is a great opportunity for them as far as their education, professional training, and occupation are concerned. Why not take better advantage of student exchange programs by promoting even more actively geographic mobility? Why not establish a voluntary European service that would let people do public-interest work in another country?

Let us act together at last to fight a devastating plague: namely drugs. Here is an issue where nothing can be achieved without Europe. Due to the free movement of

goods, services, and people, it only takes one country with lax legislation on this count to weaken our action. Why not consider that during an upcoming European Council, the 15 heads of state or government might solemnly undertake to prohibit the production and trade of all types of drugs, without any exception? This would at last constitute a forceful signal which would restore Europe's authority and credibility.

Our memorandum will contain many more proposals: fighting social marginalization, increased communication between the various economic partners, joint reflection on the future of our welfare systems, integration of the social chapter into the Treaty, preservation of public services, development of a charter of rights for the citizen, integration of the social and human dimension of EU enlargement.

Finally, we need to develop Europe's cultural dimension to thwart the danger of uniformization. Our peoples have inherited cultures and languages both old and rich. Such diversity is a major asset: It makes for mutual stimulation through exchange and dialogue. But we need to provide for the necessary means. France will offer a number of proposals to this end.

All these measures will give presence and meaning to the European ambition, which must not be limited to economic or financial objectives. What is at stake is the society in which our children are going to live. Let us make sure everybody can play a part in it and thrive by ensuring they start off on an equal footing. Let us find the way that leads to the hearts and minds of the young Europeans.

A political intent worthy of tomorrow's Europe; a monetary project, completed; a Union that meets the expectations of the Europeans: These are the things France says should be pursued. I am convinced that they coincide with the aspirations and interests of the French. They are the ideals we need to uphold if European Integration is to be deemed successful. Failure to do so would doom us to isolation and decline. Let me state it once again: To succeed, our governments are going to have to define a genuine European social model, which is the only way to ensure that Europe's people are willing to follow on the road to integration.

France: Article Outlines French EU Social Memorandum

BR2603142696 Paris LA TRIBUNE DESFOSSES
in French 26 Mar 96 p 7

[Article signed "B.D.": "The French Memorandum's Main Thrusts"]

[FBIS Translated Text] The "social memorandum" which France intends to submit to its European partners on Friday (29 March) and which the Council of Ministers will have to approve on Wednesday (27 March) reportedly includes, in its current draft form, a number of proposals structured around the five following themes.

Fostering Job Creation

On this obviously sensitive matter, the French proposals seem close to those of the European Commission, which will advocate on Friday, through its president, Jacques Santer, an "Employment Trust Pact." Reference will thus be made to strengthened multilateral monitoring of national employment policies — considered as a matter of common interest — to the urgent need to implement the major infrastructure network projects — currently at a standstill due to incomplete funding — and to the need to fight "social dumping." Paris is also expected to call for a better use of existing EU budgets; for example the approval of some structural projects could be subject to their job creation potential.

Reinforcing Europe's Human Dimension

This priority, which Jacques Chirac has been emphasizing on a regular basis, would include measures directed at young people (more student exchange programs between universities, promoting volunteer service). The fight against drugs is another favorite presidential topic. So is the implementation — or the reactivation — of European programs against social exclusion. Last, the economic and social rights of the citizen should be enshrined in a formal statement — which should include such mentions as "universal service" or "general interest," which are deemed compatible with French law on public service.

Promoting a European Social Dialogue

The formulation of this general objective would include a call for periodic consultation of the economic partners at the European level. Another major thrust is meant to be a joint reflection on the future of social security in Europe, as most member states are soon going to be faced with similar challenges.

Integrating The Social Chapter Into the EU Treaty

Due to British stubbornness, this chapter could not be made an integral part of the Maastricht Treaty as the British would have no part in any EU imposed social security framework — even as lowest common denominator. The European Commission is also in favor of integrating the social chapter in the treaty. However, this calls for revising the treaty, and therefore negotiating anew with Great Britain.

Taking Into Account The Social Dimension of Future Enlargements

What Paris has in mind is making certain that future EU members, including central and Eastern European countries, meet a number of basic social criteria before they join. This is a concern which ties in with the fight against "social dumping."

As a whole, all these proposals are intended to define the "European social model" which the French President would like to see implemented.

Italy: Official Urges Spending Reform Before EMU
BR2603135696 Rome LA REPUBBLICA in Italian
26 Mar 96 p 23

(Report by Gennaro Schettino: "Maastricht Can Wait; Spending Reform more Important")

(FBIS Translated Text) Rome — Maastricht can wait. So can Monetary Union. Better first to seriously reform public spending mechanisms and to privatize as many parts of the state as possible. It is with this manifesto that Andrea Monorchio, the government's accountant general, entered the arena or, rather, joined the debate on the 70 trillion lire (L) maxi-budget demanded by the DMF. The forum for the debate was provided by the CER, the European Research Center, which has just completed its first planned report of the year. The report has the following very eloquent title (chosen by economist Luigi Spaventa): "The Reform Achieved and What Remains To Be Done."

The L70 trillion maxi-budget is necessary if we want Italy to join EMU right away, that is, on 1 January 1999. It is necessary in order to bring the lira immediately into the euro (the new European single currency) exchange agreement, together with the German mark and the French franc.

But can this L70 trillion budget be achieved, or could it bring the country to its knees? Monorchio's answer was this: "It would be L70 trillion-worth of blood bled from the poor Italians' flesh. Such a budget, the accountant general added, would cause an immediate reduction of GDP (1.3 percent less than forecast for 1997) and of consumption (down 2.1 percent)."

"Now," Monorchio added, "in order to cut the public administration's financial costs there need to be structural interventions to reduce inefficiency and wastage. It is necessary to introduce major projects, transferring to the private sector that which can no longer remain in the public sector. This will take time, and this long time scale is difficult to reconcile with drastic and sudden budgetary operations."

So the maxi-budget could be introduced, but it could cost the country's economy dear. So what can be done? Should accession to Monetary Union be postponed?

"Italy is a special country," Monorchio said, "and because of its public finance structure, the introduction of a structural reform of spending is more important

than immediate accession to EMU on the basis of the Maastricht parameters."

In his speech Monorchio again tried to dispel the false hopes of those who associate a reduction of interest rates with immediate benefits to the state budget: "The burden of interest for the whole of 1996 has already been set. If interest rates were to be reduced by 1-2 percent, we would enjoy no benefits in 1996, and we would not feel the benefits until 1997 and 1998. I hope that, with inflation falling sharply, interest rates will nevertheless be reduced." This analysis is also confirmed by the report issued by the CER, which urges caution in connection with the immediate impact on the state budget of a possible lowering of the discount rate, which the business bank, Paribas, believes the Bank of Italy could lower to 7.5 percent by the end of the year.

The results of a simulation on yield show that a reduction of interest rates on one-year treasury bonds of more than 1 percent over the Economic and Financial Planning Document's estimate would correspond to savings on expenditure in 1996 of a mere L163 billion, which would increase to over L8.4 trillion in 1997 and L10.8 trillion in 1998.

But what does the government think of these ideas of the accountant general? The CER debate was also attended by Finance Minister Augusto Fantozzi. The man in charge of tax policy was in no doubt: "There is no point in introducing a L60-70 trillion budget," he said, adding that any possible future corrective measures must be decided on by the next government.

Economist Luigi Spaventa spoke on the CER's behalf: "What we certainly cannot do is say that membership of EMU is unnecessary," he said curtly. But how is it to be achieved? "With the country being accorded exceptional status, that is, monitored by our European partners." In practical terms, this means that Italy could ask the stronger countries to be allowed to establish an exchange rate between the lira and the euro — the European single currency — despite its exclusion from the Union. This agreement would help the country to converge with the Maastricht parameters, albeit over a longer time frame than envisaged. So no maxi-budget but a series of adjustments (starting in 1996 with a budgetary adjustment of L14 trillion, followed by a further L27 trillion in 1997 and L28 trillion in 1998) that will gradually bring us into the grand Monetary Union.

Portugal: Guterres Views Foreign, Domestic Policy
 BR2603161396 Lisbon DIARIO DE NOTICIAS
 in Portuguese 22 Mar 96 pp 2-8

[Interview with Portuguese Prime Minister Antonio Guterres by M. Bettencourt Resendes in Lisbon; date not given: "PCP's Radicalism Recalls Worst Periods"]

[FBIS Translated Excerpt] In the first interview he has granted since he became prime minister, Antonio Guterres is quite harsh with the Social Democratic and Communist opposition. The PSD [Social Democratic Party] operates like "a group of guerrillas" and follows the "pure logic of destruction." The PCP [Portuguese Communist Party] "is adopting a radicalism which never existed when there were Right-wing governments." He also talks about the controversies in his government and expresses "complete confidence" in the minister of internal administration, while, on the Economy Ministry, he says that "it is not my intention to effect replacements in the government." He also paints a worrying picture of the situation of many Portuguese enterprises. [passage omitted]

[Resendes] In the sphere of the Ministry of Internal Administration, one of your government's most controversial episodes has occurred, which is the relationship between the PSP [Public Safety Police] hierarchy and the minister, who has apparently been the target for various criticisms.

[Guterres] I do not believe that the minister has been criticized.

The minister has a policy which I fully endorse. He has my complete confidence in ensuring that we have a police force which is increasingly humanized, increasingly visible and effective in the fight against crime, and increasingly able to ensure that public order is maintained in cases in which there is civil disobedience by using methods of dialogue and, when necessary, using force without violence. This is a policy which requires a progressive change at the level of the police forces' ethics and training.

This is under way, will proceed normally, and I am convinced that it will lead to a situation in which the police forces can be recognized by citizens as being effective in defending their rights and, at the same time, given prestige by the way in which they are able to handle social crises. [passage omitted]

[Resendes] Do you identify which everything that the minister has said so far about the most controversial cases of the PSP's activity?

[Guterres] Everything that the minister has done so far has my explicit agreement.

[Resendes] So you are not considering the minister's replacement?

[Guterres] On the contrary. I believe that the minister of internal administration has played an extremely important and instructive role for us to be able to have increasingly a humane, effective, and modern police force.

[Resendes] Also in the sphere of the Ministry of Internal Administration, it is accepted that the government may appoint a new director for the SIS [Intelligence and Security Service].

[Guterres] This is a matter which concerns the minister, on which I would not like to comment now. What I can say is that the minister's instructions are to the effect of full and strict observance of the Constitution and the law with respect to the SIS' conduct.

[Resendes] Would it not make sense for the appointment of a SIS director to stem from the broadest possible consensus, involving parliament, for instance?

[Guterres] I am personally in favor of a limited number of senior officials — specifically, the central bank governor and directors of the intelligence services — being able to have their appointment process preceded by a parliamentary hearing procedure. I believe that that is a good thing, and the government is quite willing for it to be done.

[Resendes] Did the possibility of the SIS receiving technical assistance from foreign — specifically, U.S. — services cause any controversy?

[Guterres] From the information which I have, this is not happening. There is the normal exchange of information between services of various countries, especially within the Atlantic alliance framework. [passage omitted]

[Resendes] Another controversial area of your government has to do with the difficult relations between the economy minister and the secretary of state for trade. Is it your idea to allow time to resolve the situation, one way or another?

[Guterres] I believe that this has stemmed more from speculation than from realities. The basic aim which I have is to create the conditions for that ministry to be able to continue to operate quite normally. [passage omitted]

[Resendes] Do you still intend to make the first regional elections coincide with the 1997 local elections?

[Guterres] To facilitate the process of discussion in the Assembly of the Republic and the understanding between government and opposition, it has been decided

that it will be the Socialist Party Parliamentary Group which will present the bill setting up administrative regions, and this will happen very soon. Insofar as, rather than causing our own model to prevail, what matters is the broadest possible consensus, I am convinced that, within the framework of the Assembly of the Republic, we will succeed in finding a majority consensus which will make it possible to approve the bill and then promote its implementation, so that the regional elections will take place at the same time as the local elections. [passage omitted]

[Resendes] Let us now talk about foreign policy. Your first state visit will be to Brazil. Curiously, there seems to be little reciprocity on Brazil's part for the interest shown by Portugal; at least, judging, among other things, by the delegation which came to Jorge Sampaio's inauguration — neither the president nor the vice president...

[Guterres] Well, two former presidents of Brazil were at Dr. Jorge Sampaio's inauguration, which reveals interest in the ceremony. Moreover, the fact that a former president of Brazil is the ambassador to Portugal is very indicative of that same interest. In any event, it is a matter which, from my viewpoint, does not fall within the logic of reciprocity, partly because, in the most recent past, Brazil may have had more grounds for complaint against Portugal than vice versa.

[Resendes] Why?

[Guterres] I will remind you, specifically, of the extremely generous attitude which the Brazilians had toward the Portuguese people who in successive waves sought Brazil to resolve their problems resulting from the political situation in Portugal. But what I wish to emphasize is that, while Portugal's European option is inevitable and accepted, that option can be regarded less and less as fulfilling all the goals of our foreign policy. And this is for several reasons: In the first place, because our identity in Europe depends on our capacity for relations with other countries — especially with the Portuguese-speaking countries; second, since the European market is increasingly open and the competition is increasingly tough, it is essential that our enterprises try to look to the rest of the world and seek opportunities. Within that framework, Brazil is extremely important.

[Resendes] With respect to European policy, Portugal seems to have switched from being a "good pupil" to being an "enfant terrible," or, in the language of the opposition, to "megaphone diplomacy." The results of this stance, if we exclude the reference to Timor at the European Council meeting, seem to be scant...

[Guterres] I will venture to disagree. In the first place, the importance of the issue of Timor must not be underestimated. Then, on fisheries and on the trade agreement with Morocco, it was possible to secure concessions which I deem significant, although not fully satisfying the interests of the Portuguese sectors directly affected. With respect to agriculture, we achieved a very important victory in rice and also in tomatoes, which many people already deemed a lost cause, and we decisively influenced the agreement with South Africa in areas very sensitive for Portuguese agriculture.

[Resendes] So the idea is to continue to talk loud in Brussels?

[Guterres] It is a matter not of talking loud but of talking calmly and more firmly in defense of our interests.

[Resendes] Do you believe that Portuguese interests were not being defended in Brussels previously?

[Guterres] I believe that the style previously adopted is not — at least, right now — the most appropriate within a European framework which is no longer the same as five years ago. There are aspects of the current European orientation which merit our disagreement, and this should be clearly stated.

[Resendes] What disagreements?

[Guterres] Specifically, I do not deem positive a certain fundamentalism with respect to free trade which tends to prevail in the world today and which is widely echoed in many sectors of the European institutions. There can be no free trade without there being fair trade, and it is not possible to ask the traditional sectors of Portuguese agriculture and industry to compete internationally with countries in which the most elementary social rights are not respected.

[Resendes] Do you believe that the postponement of the single currency's entry into force is inevitable?

[Guterres] I do not believe that it is inevitable, and Portugal will make every effort to be able to attain the single currency at the envisaged time. Of course, the European economy's recent performance and the difficulties of countries such as France and Germany are known, and we are following that process.

[Resendes] Perhaps it is not inevitable, but would it not be advisable?

[Guterres] Everything depends on the developments which take place, especially in the European Union's most important economies. But what seems to me most important is not so much the discussion of the criteria and of the data with respect to the single currency but the fact — emphasized by me at the recent Socialist

summit — that there is a son and a stepson where there should be two twins. That is, the policy of convergence for the single currency should be accompanied by a coordination of economic policies for recovery and for employment, and by the adoption of employment as an aim of the Union itself, with its own programs. [passage omitted]

[Resendes] The budget went through in parliament with the Popular Party's abstention. Was it a "deal" privately agreed between yourself and Dr. Manuel Monteiro, as was asserted in some newspapers?

[Guterres] There was, in fact, a lunch with Dr. Manuel Monteiro, but we did not discuss the budget on that day. I did discuss the state budget with the leaders of the three opposition parties, both here at Sao Bento Palace and in a subsequent contact closer to the final debate in plenary session. I offered everybody a chance of dialogue, since the aim was to put the budget through with as broad a consensus as possible, and I was pleased to find that there was a political force which was prepared for that dialogue on a realistic and credible basis of good sense.

In addition, there was a readiness to make the state budget viable on the part of the PSD deputies from the autonomous regions, which I cannot fail to note as an act of justice and acknowledgment of the government of the republic's effort.

[Resendes] And do you intend to draw any future political conclusions from that stance on the Popular Party's part?

[Guterres] Our readiness for dialogue is with all the political forces, equally.

We do note the fact that some wish to talk, and others do not. And I cannot fail to emphasize the fact that the PSD, without political leadership, without a credible alternative to offer the Portuguese people, adopted a completely negative stance throughout the budget debate; and also the radicalism, which never existed when there were Right-wing governments in Portugal, which emerges from the speeches by the Communist Party's two leaders, recalling the worst periods of activity by the PCP, some years ago. [passage omitted]

Priority for Relations With Angola

[Resendes] A major aspect of foreign relations has to do with Angola. Does it not seem at least strange that President Jose Eduardo dos Santos asserted, following Jorge Sampaio's inauguration, that Portugal is "now" speaking with one voice? At least, it is not very polite to Mario Soares...

[Guterres] I do not know what the Angolan president could have meant by that remark.

It is true that in the past there may have been some objective disagreements between various state bodies in Portugal, but it is no less true that the Angolan president came to the Portuguese president's inauguration, and this represents undeniable interest in relations with Portugal. That interest became clear in the dialogue which we held, and Angola will take priority in our foreign relations, at the cultural, language, and economic levels.

[Resendes] To the extent of putting an end to a program on state radio so as not to harm that relationship?

[Guterres] There was no pressure in that respect.

[Resendes] It was public...

[Guterres] The decisions which were made were taken in ignorance of any pressure and have nothing to do with any state but with assertions which seem to me intolerable, especially in a country in which the values of complete racial equality are essential and have been affirmed in all circumstances.

Chinese Pressures

[Resendes] The government has not yet commented on the Chinese military exercises aimed at influencing the electoral process in Taiwan. Are you not afraid of the consequences for stability in Macao?

[Guterres] As you know, Portugal recognizes the People's Republic of China and hopes that it will be possible in due course to find a political solution which will enable Taiwan to place itself, with its own government and with its social and economic organization, within the framework of one China.

[Resendes] Even if that is not the population's desire?

[Guterres] I believe that that aim is shared by the majority in Taiwan, which, moreover, claims to represent China as a whole, and that is the Taiwanese Government's aim.

So it would be desirable for all that to have in due course an internationally recognized political solution acceptable both for the population of the Chinese mainland as a whole and for Taiwan. In the same way, I hope that Hong Kong's and Macao's autonomy and own models can be affirmed in the same way.

[Resendes] What about the military exercises?

[Guterres] It is obvious that they create tension in the region. I hope that they were caused only by a short-term situation — the elections in Taiwan — and that they will rapidly fall into oblivion.

Cyprus: Government Said 'Satisfied' With Di Roberto Report

NC2603181096 Nicosia Cyprus Broadcasting Corporation Radio Network in Greek
1700 GMT 26 Mar 96

[FBIS Translated Text] According to reliable information, the government is satisfied with the report on Cyprus that EU Coordinator for Cyprus Federico Di Roberto submitted to the EU Council of Ministers on behalf of the Italian EU Presidency. Based on the same information in his report, Di Roberto adopted the position that adequate common ground must be found before talks resume and President Glavkos Kliridhis' position for demilitarization is announced.

Government spokesman Ioannis Kasoulidhis did not refer to any details on Di Roberto's report, noting that what is being discussed at the EU Council of Ministers is confidential. Kasoulidhis referred to a statement made by Greek Foreign Minister Theodoros Pangalos describing the prerequisites raised in the report as positive and realistic.

Kasoulidhis added that Di Roberto — who is expected in Cyprus tomorrow — will continue to represent the EU in the efforts for a Cyprus solution during the next EU presidency that will be undertaken by Ireland.

Cyprus: Talat on Cyprus Solution, Yilmaz Call to Greece

TA2603152996 Nicosia Bayrak Radio in Turkish
1130 GMT 26 Mar 96

[FBIS Translated Text] Mehmet Ali Talat, Republican People's Party (CTP) leader, state minister and deputy prime minister, has received Richard Boucher, U.S. ambassador to Lefkosa (Nicosia), and conferred with him for some time.

Explaining in a statement he issued after the meeting, which was held at CTP headquarters — that he observed that the Americans were in favor of holding comprehensive talks in a bid to achieve a deep-seated solution to the Cyprus issue — Talat added that an American pro-

posal to that effect may be raised in the coming months. Noting that there are approaches that link EU membership to a Cyprus solution, Talat remarked: In other words, there are those who think that any agreement on a Cyprus solution should be considered as an EU document. Talat explained that they, as the CTP, support and find favorable the view of all circles involved, that a definite stand on the Cyprus issue should be adopted now that Cyprus' EU membership is gaining momentum. Talat continued: We should aim toward the EU, which is the main wish of everybody, after the Cyprus issue is solved.

Assessing President Suleyman Demirel's upcoming visit to the United States, Talat said that the fact that Greek Prime Minister Konstandinos Simitis will also visit the United States is a manifestation of the United States' interest in Cyprus and Turkish-Greek issues.

Noting that Prime Minister Mesut Yilmaz' call to Greece to launch a dialogue might pave the way to positive developments on the Cyprus issue, Talat added that, as the CTP, they support Yilmaz' call. Talat further stated that Yilmaz' call will yield great benefits if it is not used as a tool for internal politics in Greece and Turkey.

Commenting on the Cyprus report submitted to the EU Foreign Ministers Council by Federico Di Roberto, representative of the Italian EU Presidency on the Cyprus issue, Talat noted that the CTP also favors developing the relations between the two communities as stated in the report. Recalling that the issue of demilitarizing the island as noted in the report would anyway be raised after a solution is reached, Talat added: Saying that the talks should begin after the island is demilitarized, however, is tantamount to saying that the talks should not begin.

Adding that the CTP is not favorably inclined to mobilizing international forces in Cyprus, Talat explained that such a move is undertaken in those areas where there is war and bloodshed, like Bosnia, adding that Cyprus cannot be included in that category.

Turkey: Demirel Leaves for U.S., Comments on Goals

TA2703123796 Ankara TRT Television Network
in Turkish 1000 GMT 27 Mar 96

[FBIS Translated Text] President Suleyman Demirel has left on a three-day working visit in Washington as the guest of President Bill Clinton.

In a statement at Ankara's Esenboga Airport before his departure, Demirel said the ties of friendship and alliance between Turkey and the United States have special importance. He said that the aim of his visit is to further advance the relations which have been speedily developing during the past few years on the basis of an expanded partnership. He explained that efforts are being made to make the bilateral relations, which were mostly defense-oriented for a long time, multifaceted by developing concrete cooperation in the commercial, economic, scientific, cultural, and technological fields. He added that steps that will make this cooperation more fruitful are being developed.

[Begin Demirel recording] I would like to stress with pleasure that both sides have the will and determination necessary to reach the targets I just summarized. The cooperation and solidarity between the United States, the only superpower in our day, and Turkey, which with its secular, democratic, and pluralistic state system is a source of stability in its region, carry great importance for peace and stability in the world. This increases the significance and the dimensions of the mutual responsibility we bear to further develop our relations. Mutual high-level visits are an important tool for relaying such messages firsthand. [end recording]

Demirel said he will meet with President Clinton during his visit and exchange views on bilateral and international issues. He added that he will also hold contacts with administration officials, the speaker of the House of Representatives, leading members of Congress, press and electronic media representatives, and officials from various think tanks. The president will be interviewed on certain television stations, will deliver speeches at Georgetown University and at the Near Eastern Studies Institute, and will meet with representatives of the Turkish community in the United States. Agreements on the prevention of double taxation and on cooperation between the customs authorities which were initialed earlier will be signed during the visit.

The president was ceremoniously seen off at Esenboga Airport by Mustafa Kalemli, speaker of the Turkish Grand National Assembly [TGNA]. Present at the ceremony were Prime Minister Mesut Yilmaz; General Hikmet Bayar, acting chief of the General Staff and

Ground Forces commander; TGNA Deputy Speaker Recai Kutan; Nahit Mentese, state minister and deputy prime minister; various ministers; and other officials. Foreign Minister Emre Genensay is accompanying Demirel on the visit.

Turkey: Yilmaz Proposes 3-Month Poised Hammer Extension

TA2703070696 Ankara TRT Television Network
in Turkish 1800 GMT 26 Mar 96

[FBIS Translated Excerpt] Prime Minister Mesut Yilmaz has said that the government will ask the Assembly to extend the Poised Hammer mandate by another three months, but that work will be carried out during this time to eliminate the existing concerns regarding the issue. He added: I believe that it will be out of the question for Poised Hammer to continue in its current state at the end of this three-month period.

Addressing the Motherland Party [ANAP] assembly group meeting, Yilmaz said that while the aim is to ensure the security of Northern Iraqi citizens, certain doubts have been raised with regard to Turkey's security and territorial integrity.

[Begin Yilmaz recording] Actually, the reduction in the period of extension of the Poised Hammer mandate from six to three months is the result of these reactions in Turkey. It has conveyed Turkey's message to its allies that certain additional adjustments or guarantees are needed in the issue. Since our government was faced with this issue as soon as it was formed, it did not have the opportunity to take the necessary initiatives on the issue. Now our government will go to the Assembly with the request to extend the Poised Hammer mandate by another three months. Within these three months, as has been the case in the state of emergency, very comprehensive work will be carried out on all the necessary arrangements. [end recording]

Yilmaz stated that the bill on the arrangements that will replace the state of emergency has been prepared by the Interior Ministry and submitted to the Prime Minister's Office. He added that the bill will be discussed by the cabinet within a few weeks and will then be submitted to the Assembly. He noted that the chronic disputes with Greece are causing serious problems in relations with the EU, adding that similar problems exist in relations with Syria, Iran, and Armenia. He stated that the authority vacuum in Northern Iraq has created an atmosphere conducive to activities aimed at threatening Turkey's security. He stressed that Turkey is obliged to break this hostile circle that has been formed around it. Noting that Turkey should carry out a more intense and convincing campaign at international platforms with

regards to issues on which it is right, Yilmaz added that certain initiatives should be taken on these issues. He stated that such an initiative on Turkey's relations with Greece was started at a news conference last Sunday [24 March]. Yilmaz recalled that Greece's initial reaction to Turkey's call was negative. Noting that, however, the EU Chairmanship Council that convened yesterday termed this call extremely positive, Yilmaz added that the Chairmanship Council decided to convene the Association Council today based on factors involving the Turkish call. Yilmaz further noted that Germany and the United States have expressed support for Turkey's initiative. [passage omitted]

Turkey To Participate in Space Program With Russia

NC2503201196 Ankara *TURKISH DAILY NEWS*
in English 20 Mar 96 p A5

[FBIS Transcribed Text] Turkey will take part in space exploration for the first time by joining an international satellite project. Turkey will participate in the X-Ray Gamma Spectrum satellite to be put into orbit by Russia at the end of 1997, the ANATOLIA news agency reported on Tuesday.

Professor Ali Alpar, chairman of the high energy astrophysics research unit of TUBITAK (the Scientific and Technical Research Council of Turkey), said that the United States, Britain, Italy, Denmark, Israel, Finland, Switzerland, Hungary, Germany, and Turkey would participate in the project which has a total budget of \$700 million, to which Turkey will contribute \$2 million. Alpar said that the satellite would observe black holes, neutron stars and distant galaxies. Turkish scientists will be entitled to 100 observation hours using the satellite. The professor said that it was customary to share time on such satellites which are launched once or twice every 10 years, he noted that even though the Russians were building and launching the satellite, it would be used by a wide range of countries, including the United States.

Alpar said that Turkey had decided to participate in the project in 1993, and that the government had signed a protocol. The research will be directed by TUBITAK.

Turkey: Yilmaz 'Fails' To Change Greek, EU Positions

NC2603164996 Ankara *TURKISH DAILY NEWS*
in English 26 Mar 96

[Received via Internet]

[FBIS Transcribed Text] ANKARA — Turkish Prime Minister Mesut Yilmaz on Monday [25 March] failed in his gambit of achieving a breakthrough in Turkey's

ties with the European Union through his weekend call to Greece for "an unconditional dialogue" including international arbitration.

Dashing Turkey's hopes for an immediate reward, EU foreign ministers tied the Association Council meeting, scheduled for today, to a set of conditions deemed "unpalatable" by Turkish diplomatic sources.

The conditions included non-aggression guarantees from Turkey to Greece, acceptance of the competence of the International Court of Justice on the Aegean disputes and inclusion in the final declaration of the Association Council of a clause saying that the Greek borders are considered European borders.

In return for Turkey's acceptance of all these three points, the EU still evaded a firm commitment to the release of the withheld financial assistance.

Boris Ferrari, the Foreign Ministry undersecretary of Italy, which currently holds the term presidency of the EU, merely said that the EU foreign ministers "hoped" that Greece would lift its veto.

In a surprise move on Saturday, Prime Minister Yilmaz offered an "olive branch" to Greece on the eve of a European Union foreign ministers meeting, expressing for the first time Turkey's readiness to accept the arbitration by the International Court of Justice on its long-standing Aegean disputes with its NATO ally.

Turkey: Yilmaz Greece Policy Criticized

NC2603164896 Ankara *TURKISH DAILY NEWS*
in English 26 Mar 96

[Report by Ayla Ganioglu — received via Internet]

[FBIS Transcribed Text] Ankara — Prime Minister Mesut Yilmaz's surprise weekend declaration of his government's readiness to enter unconditional negotiations with Greece over the Aegean disputes and accept third-party mediation and a settlement at the International Court of Justice in The Hague brought him under sharp attacks from his Motherland Party (ANAP) which shares power in a minority government with fellow-rightist True Path Party (DYP).

Kamran Inan, a mainstream foreign policy expert for the Motherland renowned for his hawkish views, described Yilmaz's statement as "overly concessionary, extremely dangerous and irritating." The Democratic Left Party (DSP) which lends indirect support to the governing coalition also expressed concern over Yilmaz's initiative while Islamist opposition Welfare Party similarly criticized the move. The left-wing opposition Republican People's Party (CHP) of former foreign minister Deniz Baykal hailed the move as a positive step.

Treating the prime minister to a heavy broadside, Inan voiced consternation over Yilmaz's Aegean position which, he said, contrasted ANAP leader's former stance. "I do not know under what circumstances he has made this statement, but I do not find it right, at least from the angle of timing," the hardline politician said.

Stressing the wide gulf between Yilmaz's long-known views on foreign policy and the position he expressed on Sunday (24 March), Inan suspected outside meddling. "If this has happened because of pressures from the United States, this will be doubly irritating," Inan said Yilmaz's call had all the elements of a serious concession. Recalling that the European Union (EU) had made Turkey accept the EU membership of Greek Cyprus as a condition for the customs union, he said the spectacle now was a new concession was being demanded from Turkey in order to soften Athens' opposition to the EU financial assistance.

"If a concession is going to be asked from Turkey every time to satisfy Greece, there will be no end to it; the United States has to exert pressure on Greece instead," the ANAP politician argued.

He said none of the existing disputes with Greece stemmed from Turkey, and so, it was for the other side to seek a dialogue. He expressed worry that the call for a dialogue from the prime minister will be seen as a sign of weakness by the other side and will ultimately lead to fresh concessions from Turkey's interests.

Inan particularly criticized Yilmaz's reference to possible arbitration by the International Court of Justice as dangerous and irritating. "If the road is opened to The Hague, then Turkey enters under obligation of meeting Athens' demands."

As for the mediation by third countries, the ANAP foreign policy specialists said this would make things even more difficult instead of facilitating their solution. He said the reason why Greece refused to come to a rational position concerning the Cyprus and the Aegean disputes, was its confidence about the backing of Western powers.

He said Aegean would soon become a major route for oil transport and that's why Greece was escalating the tensions in the region.

Turkey: Ecevit on Appointment of Fundamentalists

NC2503170296 *Istanbul SABAH in Turkish*
22 Mar 96 p 15

[Report on interview with Democratic Left Party leader Bulent Ecevit by SABAH columnist Fatih Cekirge in Ankara; date not given]

[FBIS Translated Text] Democratic Left Party (DSP) leader Bulent Ecevit will issue a serious warning to Prime Minister Mesut Yilmaz today. He will inform him of the serious anxiety created by the appointment of pro-Welfare Party (RP) cadres to administrative vacancies at foundations under Minister of State Cemil Cicek's control. Ecevit summed up the warning he will make: "The foundations are being entrusted to RP cadres. That is a very dangerous development. I will ask Mr. Yilmaz to maintain a sensitive approach on the matter and take the necessary measures. It seems that the foundations have been placed under the RP's control..."

The reports on the appointment of pro-RP cadres, particularly to the foundations, has been discussed in the backstage in Ankara. Pro-RP cadres have reportedly been appointed to establishments such as the Inspection Committee Chairmanship Council, the Directorate of Property Department, and the Directorate of Administration for Construction.

I asked Bulent Ecevit to explain how the appointment of pro-RP cadres to the state organs can be obstructed? He focused on the foundations that are under Cemil Cicek. Ecevit asserted: "The RP is placing the foundations under its influence. Naturally, we will discuss the situation. I will ask Mr. Yilmaz to have the matter investigated."

Ecevit has been informed on the appointment of pro-RP cadres to the foundations. The establishments they have been appointed to are the Inspection Committee Chairmanship Council, the Directorate of the Charitable Department, the Directorate of Property Department, the Directorate of Personnel Office, the Directorate of Accounts Office, and the Directorate of Foundations and Affiliated Establishments.

Stressing that Cemil Cicek is responsible for the appointments, Ecevit said: "We have been informed by some of our trusted colleagues. We will ask that the situation be investigated."

The fact that Ecevit will warn Yilmaz on the situation of the foundations drew attention in the backstage to claims that were made against Cemil Cicek some time ago. For example, Cicek was appointed to the National Turkish Students Union in the past. He also served as one of the members of the RP provincial

chairmanship council in Yozgat and maintained close relations with various sects and religious communities. All that strengthened the claims against him.

How will Mesut Yilmaz respond to Ecevit's warning? Will he reject the appointments? Two important points should be considered. First is Ecevit will ask him to investigate the reports, and second, the links between the minority government and Ecevit will further weaken if Yilmaz ignores his warning. In other words, it seems that Yilmaz deciding to ignore Ecevit's warning may strengthen the possibility of a crisis.

Bulent Ecevit also said yesterday that some of the appointments to the bureaucratic organs have created a dispute in the government and noted that he will inform the prime minister that the state of affairs has made him uneasy. Ecevit clearly outlined: "I will inform Mr. Yilmaz that the appointments have made me uneasy."

"Should Bulent Ecevit be asked to express his opinion on the appointment of high-ranking officials?" That is an interesting question.

The Hammer Force Crisis

Ecevit will inform Mesut Yilmaz on his final approach on the Hammer Force today. He said: "The term 'for the last time' should be included in the provision for the extension of the Hammer Force mandate. However, that will not be enough. The text of the motion should include a provision for the adoption of measures guaranteeing Iraq's territorial integrity during the new period."

I want to stress a point I outlined several times in the past. Bulent Ecevit has made similar warnings in connection with northern Iraq every since the crisis began. He said even before the question of the Hammer Force came up that "the authority vacuum in northern Iraq will cause a headache for Turkey." Time proved that he was right many times. Considering that, he yesterday said: "Mentioning the Hammer Force like a broken record will be useless. The problem is the authority vacuum in northern Iraq, not the Hammer Force. The authority vacuum has created a problem for Turkey. So, we should consider how to have it removed, instead of debating whether or not the Hammer Force should be withdrawn."

Ecevit's statements indicated that the Hammer Force is a very important problem between the DSP and the minority government, a problem which may weaken the links between the two sides. That also applies to the reported appointment of pro-RP cadres to the state organs.

So, Bulent Ecevit is preparing to warn Mesut Yilmaz in a constructive way on the appointment of pro-RP cadres to the foundations and the extension of the Hammer Force mandate.

All that has shown that the concessions Bulent Ecevit made to the government by having the DSP abstain from voting in the National Assembly are not similar to the concessions the former Social Democratic People's Party [SDPP] made for the sake of maintaining its position in power for four years. The SDPP's concessions created a very disadvantageous situation for the party organization at the time. We want to bring that state of affairs to the attention of those who believe that they "may find a way to persuade Ecevit to change his approach."

Turkey: Erbakan To Give Yilmaz 'Hard Time' Over Budget

NC2603204096 Ankara *TURKISH DAILY NEWS*
in English 20 Mar 96 p A5

[Report by "Parliament Bureau" correspondent Kemal Balci in Ankara]

[FBIS Transcribed Text] Opposition Welfare Party (RP) leader Necmettin Erbakan has indicated that his party may give Mesut Yilmaz a hard time when the 1996 Budget Bill is put to a vote.

"They are making a budget as if they are making a water color picture. They are changing the budget deficit every day," Erbakan said. If the budget is not enacted before the beginning of May the government will not be able to spend even a single lira.

Even the monthly salaries of civil servants will not be paid. Hard-pressed to have a budget passed in this limited time, the government has prepared an "accelerated budget debates timetable," but the RP's opposition constitutes an obstacle. Due to the need to meet the approaching deadline, the Mesut Yilmaz-led Motherpath coalition has decided not to draft a new budget from scratch. Instead, the draft prepared and presented to Parliament last year by the former government will be presented anew to Parliament after small changes.

The consultative committee, created by the political parties to ensure that the budget is passed by Parliament before the deadline, could not agree on the timetable for debates on the bill. The RP did not accept the proposal to restrict the duration of the debates. Normally, separate budgets are prepared for each public department which gets its funds either from the general budget or from the annex budget. These separate budgets would

normally be debated for about four weeks by the Budget Committee and then for some three weeks by the whole Parliament before being put to a vote.

This year, due to the time restrictions, the Parliament speaker has asked the committee and the Parliament to limit their debates on the budget to a total of 36 days. The RP sees the budget debates as a propaganda opportunity, since they will be broadcast live by TV stations, and has therefore opposed the proposed "compressed timetable."

The government, which has a majority in both the committee and the Parliament, seems determined to implement the shortened timetable.

The RP, on the other hand, is expected to make full use of parliamentary bylaws to obstruct the debates. Government circles fear that the RP will select as a target certain ministries and will miss no chance in trying to kill the draft budgets by either stalling the debates or defeating the government in Parliament.

With the RP threatening to vote against the budgets of individual ministries, government deputies will have to be present on the floor of the Parliament for the entire budget debates. DSP [Democratic Left Party] deputies will also have to be present as the government is relying on them for a majority on the floor. To compound the government's problems, it also has to get the extension to the mandate of Operation Provide Comfort passed by Parliament.

The Budget Committee will meet today to determine the timetable for budget debates. The finance minister

is expected to present the draft budget in a speech at the Budget Committee next Thursday. The committee will then debate the draft for approximately 30 days.

Erbakan does not like the budget

Meanwhile, RP leader Necmettin Erbakan said the government had been working, on the draft budget for about a week, and the only thing they were doing was looking for ways of making the budget deficit look smaller than it was. The budget deficit is, in reality, TL [Turkish lira] 1.2 quadrillion, but the government has been trying to show a deficit of only TL 700 trillion, according to Erbakan. Erbakan said: "They are busy painting a watercolor picture. They are making a budget as if they are making a watercolor picture. This is no way to make a budget. This is no way to govern a country. The budget consists entirely of debt servicing and envisages no investment, while envisaging only a 20 percent raise for civil servants..."

"Naturally if the country is placed in the hands of these women and children, these showmen, this is the result we will get. They are simply eager to be on the TV screen. The wailing of the nation would not mean anything to them."

Erbakan said that corruption and robbery would not be permitted, stressing that this Parliament would not allow the state to be undermined.

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